

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**NOTICE OF CORRESPONDENCE REGARDING THE TWO HUNDRED NINETY-FIFTH OMNIBUS OBJECTION (SUBSTANTIVE) OF THE COMMONWEALTH OF PUERTO RICO TO NO LIABILITY AND INCORRECT DEBTOR BONDHOLDER CLAIMS**

**To the Honorable United States District Judge Laura Taylor Swain:**

1. On January 22, 2021, the Commonwealth of Puerto Rico (the “Commonwealth” or the “Debtor”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Commonwealth’s sole Title III representative pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>2</sup>

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

filed the *Two Hundred Ninety-Fifth Omnibus Objection (Substantive) of the Commonwealth of Puerto Rico to No Liability and Incorrect Debtor Bondholder Claims* [ECF No. 15718] (the “Two Hundred Ninety-Fifth Omnibus Objection”) to various proofs of claim.

2. The Two Hundred Ninety-Fifth Omnibus Objection seeks to disallow portions of certain proofs of claim, each of which purports to be based on purchased bonds and in part on amounts for which the Commonwealth is not liable because the proof of claim asserts liability based on an ownership interest in such bonds which were issued by (i) the Puerto Rico Aqueduct and Sewer Authority (“PRASA”), which is not a Title III Debtor, for amounts as to which the Commonwealth has not guaranteed repayment, (ii) the Puerto Rico Public Finance Corporation (“COFINA”), which obligation has been released and discharged pursuant to this Court’s orders, and/or (iii) the Puerto Rico Highways and Transportation Authority (“HTA”) that have been defeased. In addition, the Two Hundred Ninety-Fifth Omnibus Objection seeks to reclassify portions of certain proofs of claim because a portion of the claim identifies the Commonwealth as obligor, when that portion of the claim is properly asserted, if at all, against the Puerto Rico Electric Power Authority (“PREPA”).

3. On March 5, 2021, the Commonwealth filed a notice of presentment in connection with the Two Hundred Ninety-Fifth Omnibus Objection [ECF No. 15962], and on May 5, 2021, the Court entered an order granting the Two Hundred Ninety-Fifth Omnibus Objection [ECF No. 16694] (the “Order”).

4. After the Court issued the Order, however, the Commonwealth became aware of timely correspondence from Louis and Mae Stangle (“Stangle”), a copy of which is attached hereto as Exhibit “A” (the “Stangle Response”), regarding Proof of Claim No. 167957 (the “Stangle Claim”).

5. The Stangle Claim asserts liabilities in the amount of \$60,000 based on an alleged ownership interest in bonds issued by: (1) PREPA bearing CUSIP 74526QVD1 in an amount of \$10,000 (the “PREPA Bond Claim”); (2) PRASA bearing CUSIP 745160QB0 in an amount of \$15,000 (the “PRASA Bond Claim”); (3) HTA bearing CUSIP 745190QT8 in an amount of \$5,000 (the “HTA Bond Claim”); and (4) COFINA bearing CUSIP 74529JKL8 in an amount of \$30,000 (the “COFINA Bond Claim,” collectively the “Bond Claims”). See Stangle Claim at 3, 6, 9, 12.

6. The Stangle Response consists of a notice that accompanied the Two Hundred Ninety-Fifth Omnibus Objection, on which appears a handwritten note that states: “45,000 of my P.R. bonds have been called in. So, I should have 10,000 Electric and \$5,000 Highway bonds for a total of \$15,000.” Stangle Response at 1.

7. The Stangle Response does not address either the COFINA Bond Claim or the PRASA Bond Claim. Accordingly, the Stangle Response does not dispute that the COFINA Bond Claim should be disallowed because it seeks recovery for amounts for which COFINA is not liable because the COFINA Bonds<sup>3</sup> asserted were (1) compromised and settled pursuant to the Settlement Order in COFINA’s Title III Case, and (2) released and discharged in accordance with the Plan and Amended Confirmation Order in COFINA’s Title III Case. Nor does the Stangle Response dispute that the PRASA Bond Claims assert an ownership interest in PRASA Bonds for amounts for which the Debtors have not guaranteed repayment.

8. With respect to the HTA Bond Claim, as set forth in greater detail in the Two Hundred Ninety-Fifth Omnibus Objection, HTA defeased the HTA Bonds asserted in the HTA Bond Claim pursuant to the HTA Notice of Defeasance and Redemption. *Material Event Notice*

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<sup>3</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Two Hundred Ninety-Fifth Omnibus Objection.

*(Notice of Purchase, Defeasance and Redemption)*, September 22, 2011, available at <https://emma.msrb.org/EA477903-EA370346-EA767176.pdf> (the “HTA Notice of Defeasance and Redemption”). The Stangle Response also does not dispute that, pursuant to the HTA Notice of Defeasance and Redemption, the HTA Bonds asserted in the HTA Bond Claim have already been defeased. Accordingly, holders of these bonds, like Stangle, no longer have a valid claim, and the HTA Bond Claim should be disallowed.

9. Likewise, the Stangle Response fails to explain why the portion of the PREPA Bond Claim should not be reclassified to PREPA’s Title III case. As explained in the Two Hundred Ninety-Fifth Omnibus Objection, the Stangle Claim identified the Commonwealth as the obligor for the PREPA Bond Claim, when such portion of the Stangle Claim is properly asserted, if at all, against PREPA, because it asserts liabilities on the basis of bonds issued by PREPA. Accordingly, the PREPA Bond Claim should be reclassified, in part, to be asserted against PREPA. The Commonwealth reserves its right to object to any part of the PREPA Bond Claim on any other grounds whatsoever.

10. Accordingly, the Commonwealth respectfully requests that the Court affirm the Order granting the relief requested in the Two Hundred Ninety-Fifth Omnibus Objection, notwithstanding the Stangle Response.

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Dated: January 5, 2022  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

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